

Lowell Public Schools

Finance Subcommittee Meeting

February 17, 2022



AGENDA

*Continuous Review of Two Budget Years Simultaneously To
Ensure Maximizing Every Funding Stream*

- Budget to Actuals for FY21/22
- Update on Governor's numbers
- Foundation budget changes due to Student Opportunity Act
- Bottled Water Information

Lowell Public Schools

YTD Budget Report As of 1/25/2022

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 0010 GENERAL FUND	194,284,378	9,032,457	203,316,835	88,416,115.70	10,992,686.72	103,908,032	48.

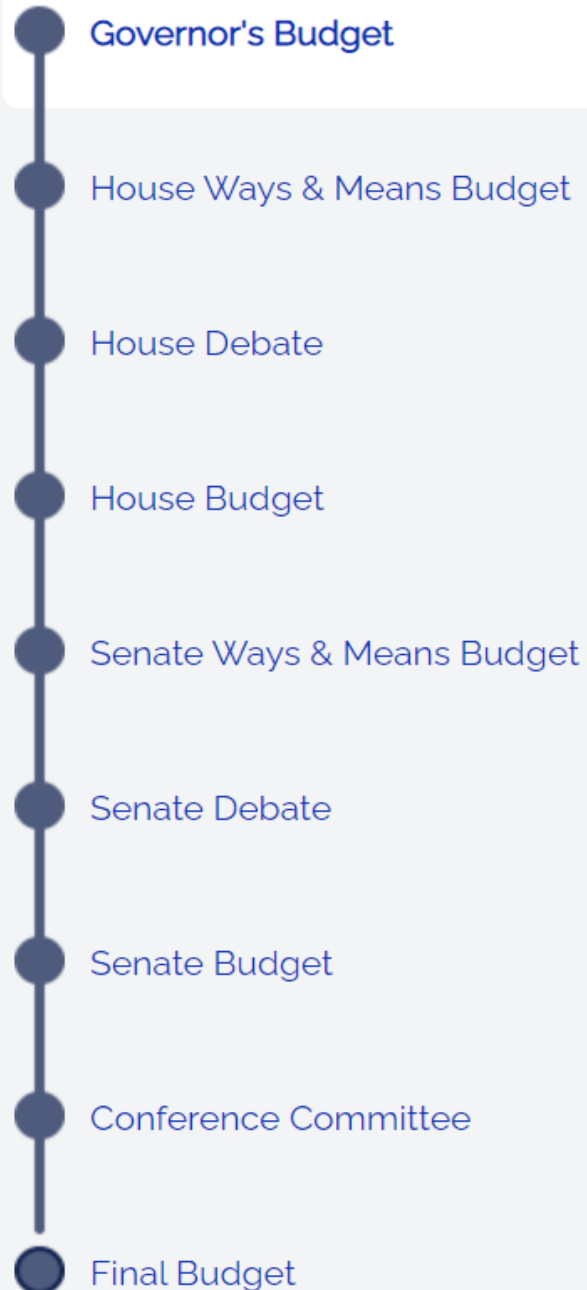
Per the approved budget, Munis YTD reflects the \$194 million plus \$9 million in carryover purchase orders. We have spent 48% (includes encumbrances) thus far. Memo and full report included in SC package.



FY22 BUDGET PROCESS

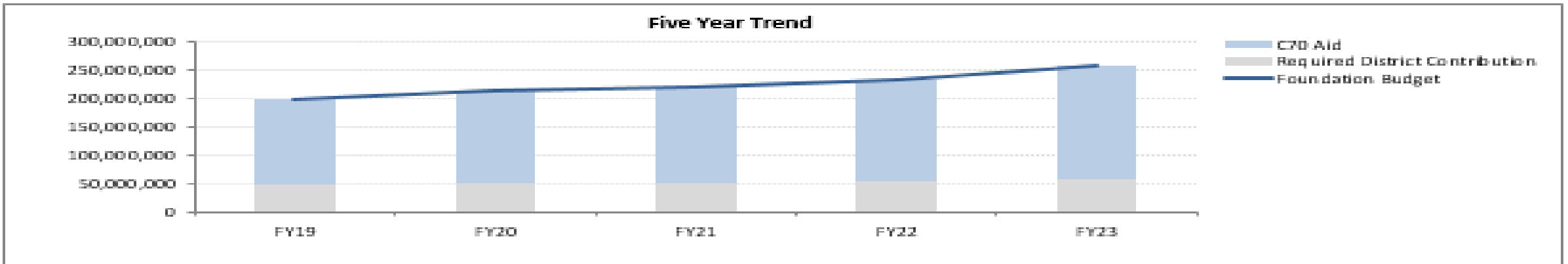
About this step

The annual budget process begins each year when the Governor files recommendations as a bill with the House of Representatives. Under the state Constitution, the Governor must submit a proposal by the 4th Wednesday of January or, in the event of a new term, within five weeks later. This bill is called House 1 or "House 2" depending on the year.



Comparison to FY22

	FY22	FY23	Change	Pct Chg
Enrollment	16,047	16,103	56	0.35%
Foundation budget	232,660,515	257,876,445	25,215,929	10.84%
Required district contribution	54,112,190	56,906,426	2,794,236	5.16%
Chapter 70 aid	178,553,488	200,970,019	22,416,531	12.55%
Required net school spending (NSS)	232,665,678	257,876,445	25,210,767	10.84%
Target aid share	74.10%	74.16%		
C70 % of foundation	76.74%	77.93%		
Required NSS % of foundation	100.00%	100.00%		



FY23 Chapter 70 Foundation Budget

160 Lowell

	Base Foundation Components							Incremental Costs Above the Base					13	14
	1	2	3	4	5	6	7	8	9	10	11	12		
	Pre-school	----- Kindergarten ----- Half-Day	Full-Day	Elementary	Junior/ Middle	High School	Vocational	Special Ed In-District	Special Ed Tuitioned-Out	English learners PK-5	English learners 6-8	English learners High School/Voc		
Foundation Enrollment	574	0	1,248	6,631	4,184	3,687	66	611	158	2,715	893	734	12,067	16,103
1 Administration	121,579	0	528,665	2,808,958	1,772,384	1,561,850	27,958	1,786,326	515,519	274,649	95,346	73,128	1,009,043	10,575,406
2 Instructional Leadership	219,572	0	954,820	5,073,245	3,201,095	2,820,850	50,495	0	0	480,609	166,839	127,966	4,780,704	17,876,196
3 Classroom & Specialist Teachers	1,006,825	0	4,378,109	23,261,880	12,916,426	16,738,316	509,372	5,894,415	0	3,364,129	1,167,883	895,744	46,668,640	116,801,739
4 Other Teaching Services	258,220	0	1,122,900	5,966,309	2,709,935	1,988,030	35,587	5,503,534	7,875	480,609	166,839	127,966	0	18,367,804
5 Professional Development	39,818	0	173,235	920,582	629,650	538,007	15,923	284,341	0	137,298	47,668	36,553	2,264,131	5,087,206
6 Instructional Materials, Equipment & Tech	145,721	0	633,684	3,366,957	2,124,468	2,995,319	93,832	248,182	0	343,257	119,171	91,398	347,047	10,509,036
7 Guidance & Psychological Services	87,914	0	382,325	2,031,407	1,517,495	1,570,441	28,112	0	0	205,960	71,511	54,837	1,889,813	7,839,815
8 Pupil Services	29,136	0	126,747	1,010,034	1,041,021	2,115,416	37,868	0	0	68,690	23,834	18,284	9,819,763	14,290,792
9 Operations & Maintenance	279,584	0	1,215,739	6,459,589	4,418,722	3,775,488	126,487	1,995,404	0	823,867	286,010	219,363	0	19,600,253
10 Employee Benefits/Fixed Charges*	374,013	0	1,626,344	8,641,453	5,730,030	4,520,852	110,416	2,263,022	0	755,232	262,176	201,087	7,548,995	32,033,617
11 Special Education Tuition*	0	0	0	0	0	0	0	0	4,894,582	0	0	0	0	4,894,582
12 Total	2,562,382	0	11,142,568	59,540,412	36,061,227	38,624,570	1,036,049	17,975,223	5,417,976	6,934,300	2,407,278	1,846,326	74,328,135	257,876,445
13 Wage Adjustment Factor	100.0%	Foundation Budget per Pupil										16,014		
*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.														
14 Low-income percentage	76.03%	English learner foundation budget as % total foundation budget										4.3%		
15 Low-income group	11	Low-income foundation budget as % total foundation budget										28.8%		

Lowell Public Schools

Foundation Budget for FY22 and FY23 Compared

		FY22			FY23			Change		
		Enrollmen	Total	Rate	Enrollmer	Total	Rate	Enrollmer	Total	Rate
Base Foundation Components										
	PreSchool	491	\$ 2,072,054	\$ 4,220	574	\$ 2,562,382	\$ 4,464	83	\$ 490,328	\$ 244
	Full Day Kdrg	1175	\$ 9,917,317	\$ 8,440	1248	\$ 11,142,568	\$ 8,928	73	\$ 1,225,251	\$ 488
	Elementary	6687	\$ 56,764,940	\$ 8,489	6631	\$ 59,540,412	\$ 8,979	-56	\$ 2,775,472	\$ 490
	Middle	4303	\$ 35,035,499	\$ 8,142	4184	\$ 36,061,227	\$ 8,619	-119	\$ 1,025,728	\$ 477
	High School	3326	\$ 33,078,101	\$ 9,945	3687	\$ 38,624,570	\$10,476	361	\$ 5,546,469	\$ 531
	Vocational	310	\$ 4,635,362	\$ 14,953	66	\$ 1,036,049	\$15,698	-244	\$ (3,599,313)	\$ 745
Incremental Costs Above Base										
	Special Ed- In District (3.86% assumed)	608	\$ 17,114,592	\$ 28,149	611	\$ 17,975,223	\$29,419	3	\$ 860,631	\$ 1,270
	Special Ed - Tuitioned Out (1% assumed)	155	\$ 4,904,360	\$ 31,641	158	\$ 5,417,976	\$34,291	3	\$ 513,616	\$2,650
	English Learners Pre-5	2497	\$ 5,990,203	\$ 2,399	2715	\$ 6,934,300	\$ 2,554	218	\$ 944,097	\$ 155
	English Learners 6-8	816	\$ 2,057,046	\$ 2,521	893	\$ 2,407,278	\$ 2,696	77	\$ 350,232	\$ 175
	English Learners - HS	676	\$ 1,463,188	\$ 2,164	734	\$ 1,846,326	\$ 2,515	58	\$ 383,138	\$ 351
	Low Income	11207	\$ 59,627,852	\$ 5,321	12067	\$ 74,328,135	\$ 6,160	860	\$14,700,283	\$ 839
Total		16047	\$ 232,660,514	\$ 14,499	16103	\$257,876,445	\$ 16,014	56	\$ 25,215,931	\$ 1,515
Foudation Budget Per Pupil			\$ 14,499			\$ 16,014			\$ 1,515	

Notes:

Foundation enrollment does not include counts from incremental costs above base
 Sped enrollment is an assumed percentage; our actuals are much higher than this assumed rate
 Significant decrease in vocational dollars
 Increase to rate provided for sped, ELL and low income
 Approx 350 additional EL students
 Approx 860 additional low income students

NEXT STEPS FOR FY22/23 BUDGET PROCESS

NEXT STEPS													
Finance	January 5th		SC: Update on Budget Process										
Finance	January 19th		Quarterly Update for FY21/22										
Finance	February 2nd		SC: FY21/22 Budget to Actuals; Update on Governor's Budget; Comparison of Foundation Budget/SOA										
Finance	February 2nd		Principals: send current year FSF workbooks to reacquaint with the format										
Finance	February 9th		Training for School Site Councils										
Finance	February 16th		SC: Update on SBB pool, Weights, Baseline rules, guardrails, sample workbooks: Budget Adj proposal										
Finance	February TBD		Finance Subcommittee Meeting										
Finance	March 2nd		SC: Update on Summary of Impact to Schools & transition policies										
Finance	March 4th		Principals: send their funding summary and workbooks to them										
Finance	March 8th-March 19th		Principals: Budget drop ins with CFO										
Finance	March 22nd - April 1st		Principals: Budget Defense										
Finance	March TBD		Finance Subcommittee Meeting										
Finance	April 7th		SC: Budget update for current year and FY21/22										
Finance	April 21st		SC: Budget update for current year and FY21/22										
Finance	April TBD		Finance Subcommittee Meeting										
Finance	May 4th		SC: Budget FY22/23 Budget Presentation										
Finance	May 9th (Monday)		SC: Budget Public Hearing										
Finance	May TBD if needed		SC: Budget Public Hearing										
Finance	May 18th		SC: Budget Adoption										

Suggested Subcommittee
Dates to confirm with SC:

2/17/22

3/16/22

4/6/22

Questions Asked



Christine P. O'Connor
City Solicitor

Kerry Regan Jenness
1st Assistant City Solicitor

Nicholas Anastasi
Helen Anderson
Mark Jorgensen
Elliott J. Veloso
Assistant City Solicitors

To: Members of the School Committee
From: Christine P. O'Connor, City Solicitor
CC: Dr. Joel Boyd, Billie Jo Turner, Dr. James P Hall, Kelly Oakes
Date: January 28, 2022
Subject: Outstanding Water Bill

I write in response to a request from School Committee member J. Doherty for more information on the unpaid \$119,000.00 water bill discussed at the last school committee meeting. The law department became aware of an unpaid water bill shortly before a December 21st with members of the school department. During the meeting I was asked to speak to the auditor regarding this unpaid bill.

Following a January 6th meeting with the auditor, the following questions were sent to central office. In order for law and auditing to properly assess next steps, these questions need to be addressed and additional information needs to be provided.

- Although a check was issued to LPS for \$119k for bottled water, where and from whom did LPS actually purchase the water?
- Why wasn't a contract/PO made out directly to the vendor?
- When was the water purchased/delivered?
- What was the quantity and unit price? (of the paperwork we reviewed, there is no indication of a unit price or of a quantity)
- Who created "invoice" 772021? From an auditing standpoint, the invoice is troubling since LPS is clearly not the actual vendor, and the issuance has resulted in both an overage and underage in the accounting of expenditures and receipts in the Milk and Lunch Fund. Both auditing and law would like to meet with those involved in this purchase to explain the problems and guard against this happening in the future.
- Was there an initial payment out of grant money?
- There are also several accounting and procurement irregularities that we would to discuss further: deeming this an emergency procurement; stating that a contract is not needed for an emergency procurement; proposing a "flow through"/no-bid payment to Aramark; creating a false invoice.

From my meeting with the auditor it appeared that this was information that had been previously requested. Once the information is provided, the auditor and law department will review with school personnel as to what occurred, how best to correct it, and to develop procedures to further guard against this happening in the future.

Question 1: Although a check was issued to LPS for \$119k for bottled water, where and from whom did LPS actually purchase the water?

Answer: Water was purchased from our Food Service Management Company “Aramark” during the pandemic. We were told by City Hall that we could not use the water fountains in school due to Covid. An email from Beth Moffet referencing an earlier directive to NOT use the water fountains but must still offer a water source clearly supports the fact that we were unable to offer water to students through water fountains. Delivery to each school was tracked. Principals worked with food service staff to order two bottles per student per day. **Dilemma: 7 CFR 210.10(a)(1)(i) demands that schools must make potable water available and accessible without restriction to children at no charge in the place(s) where lunches are served during the meal service.**



Question 2: Why wasn't a contract/PO made out directly to the vendor?

Answer: Section 5.A.2 and S11 of the current Aramark contract allows the vendor to purchase water and other supplies for us. Furthermore, the PO was created using past practice of LPS FS Vendor invoicing LPS Local. This was approved by Auditing. The focus at the time was on ensuring that students had what they needed despite the pandemic.

5. FOOD SERVICE:

A. ARAMARK shall serve, on such days and at such times as requested by District:

1) Meals, priced as a unit, which meet the meal component requirements prescribed by USDA. District and ARAMARK will encourage maximum participation in the National School Lunch and Breakfast Programs.

2) Such other food as may be agreed upon by ARAMARK and District. A la carte offerings will comply with applicable Federal and State regulations.

11. **PURCHASING:** ARAMARK shall purchase and pay for, as a Direct Cost, all food supplies and services utilized in District's Food Service Program. Such purchases shall be made exclusively for the benefit of District and shall be used solely in District's Food Service Program. All food and related supplies purchased on behalf of District shall be kept separate and apart and title thereto shall remain in District at all times. All such purchases shall be made in the name of District. ARAMARK will credit all

Question 3: When was the water purchased/delivered?

Answer: The water was ordered by principals with the plan to have two bottles per day for each student. Since it was with our current food service vendor, the water was delivered with other food deliveries weekly.



Question 4: What was the quantity and unit price? (of the paperwork we reviewed, there is no indication of a unit price or of a quantity)

Answer: The unit price was .16 cents per bottle. We are currently paying more per bottle through the state contract. **Please note that we don't pay anything but COST to Aramark since we pay them to provide a service – not products. In addition, we benefit from their nationwide price leverage.**

In the event ARAMARK, either directly or through one of its affiliated companies, furnishes products or services, such as facilities design service, necessary for the efficient operation of the Food Service Program, the charges to District for such products or services shall be competitive with the cost of obtaining such products or services from an independent source in the open market. Billings for such services shall be a Direct Cost.



Question 5: Who created “invoice” 772021? From an auditing standpoint, the invoice is troubling since LPS is clearly not the actual vendor, and the issuance has resulted in both an overage and underage in the accounting of expenditures and receipts in the Milk and Lunch Fund. Both auditing and law would like to meet with those involved in this purchase to explain the problems and guard against this happening in the future.

Answer: LPS had an in house food service program until 2010. In 2011, we began to outsource our food service program to a food service management company. Since 2011, we have been using the same accounting procedure that is being questioned above. When non-reimbursable products are bought by the FSMC for LPS, the cost hits the revolving account. Since this is not allowed, there needs to be a paper trail showing the non-reimbursable cost being reimbursed in the revolving account by the local budget account. Auditing created the vendor LPS Food Service Department as vendor 44939 to allow us to create invoices from LPS Food Service to LPS General Fund. There are nearly 100 occurrences when LPS Food Service has billed LPS. In other words, there are nearly 100 times in which LPS General has cut a check to LPS Revolving. We are more than willing to work together to develop a new system. However, it must be recognized that previous Auditors knew about and allowed this decade long practice.



Question 6: Was there an initial payment out of grant money?

Answer: No. We intended the purchase order to hit the local or ESSER account since this cost was due to COVID. Unfortunately, there was a MISTAKE and the purchase order hit the revolving acct.



Question 7: There are also several accounting and procurement irregularities that we would (like) to discuss further: deeming this an emergency procurement; stating that a contract is not needed for an emergency procurement; proposing a “flow through”/no-bid payment to Aramark; creating a false invoice.

Answer: LPS recognizes that we are all capable of mistakes and would always be willing to work together to identify improved ways of handling things. However, in this case, LPS followed a practice that was used for ten years.

- 1) Not having access to water for children and staff during a pandemic in buildings whose heat cannot be controlled and masks were mandated is an emergency. **Emergency procurements Section 8. Whenever the time required to comply with a requirement of this chapter would endanger the health or safety of the people or their property a procurement officer may make an emergency procurement without following that requirement. Furthermore, SDWA H906 states that a school or child care center may, consistent with other obligations in law, remove select drinking water outlets from operation in lieu of installing certified point-of-use filters on those drinking water outlets, so long as every child has reasonable access to free, lead-free and safe drinking water.** Calling this an emergency is a moot point since we did not treat it as such. Had we acted upon the emergency procurement clause, we would have discussed it with the Chief Procurement Officer to get guidance on it. Rather, we followed the historical practice of using our current food service management company. Per the Aramark contract (Section 5.A.2), “Aramark shall serve, on such days and at such times as requested by the District, such other food as may be agreed upon by Aramark and District.”
- 2) A new person in the Business Office misunderstood the transaction and stated that a contract is not needed for an emergency procurement. We have had significant staff turnover during Covid. Seventy percent of my staff are new to their position and on a learning curve.

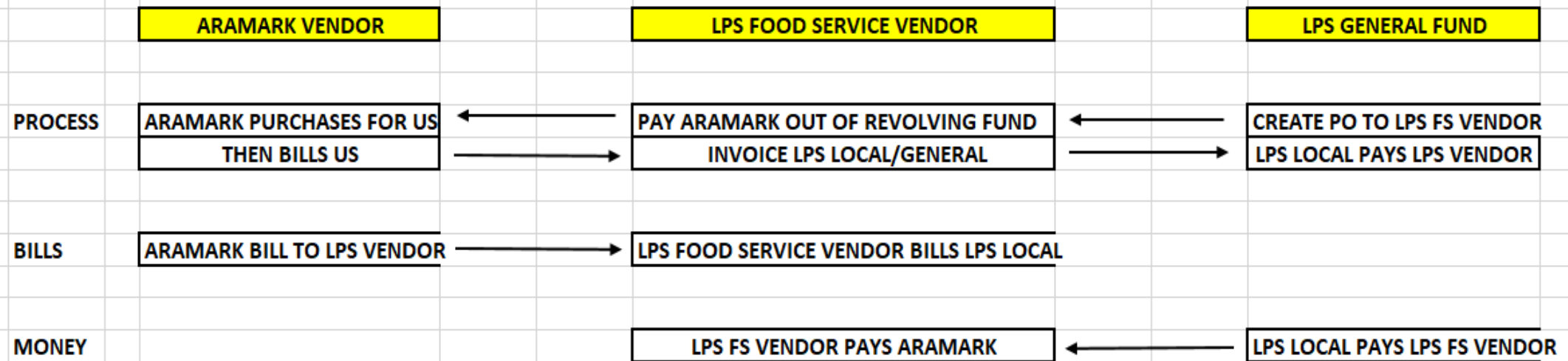
Question 7: Continued

Answer:

3) We did not propose a flow through no bid pmt. We explained that the intention was to have a **paper trail for Food Service auditors showing the flow of non-reimbursable cost of water which hit the revolving account was reimbursed from the local accounts**. This is how other non-reimbursable expenses are paid too (eg. Catering services). Over 100 other transactions were handled in this manner and several previous Auditors allowed it. Since vendors are created by Auditing, I am confident that this process was probably discussed with Auditing staff years ago.

4) **We most certainly DID NOT create a false invoice**. LPS had an in house food service program until 2011. Since 2011 when a food service management company started, we have been using this practice. Per the next slide, there are ten years of transactions showing LPS Food Service (vendor created BY AUDITING) invoicing LPS for non-reimbursable costs. Having a check cut from LPS General Fund to LPS Food Service would show the reimbursement of costs such as water or catering that are not reimbursable. It is a method to separate reimbursable from non-reimbursable costs.

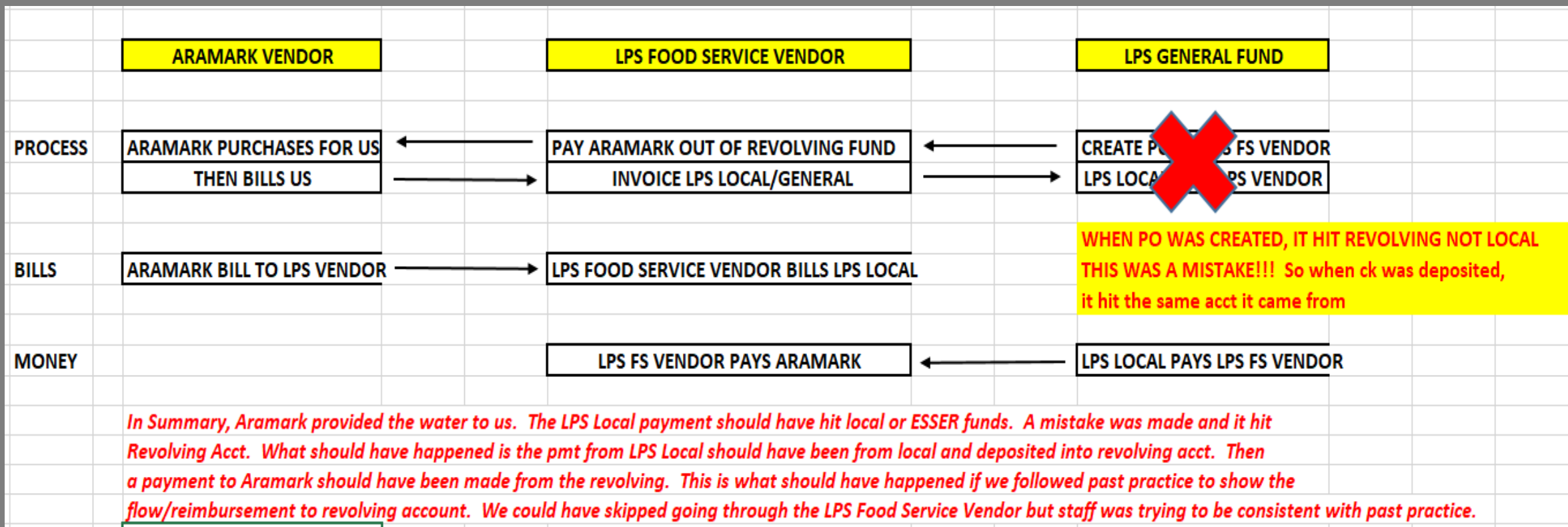




In Summary, Aramark provides a service/product and their bill hits our revolving account/food service program. Since non-reimbursable costs cannot stay in revolving account, we must show the revolving account being reimbursed. So, historically, LPS FS vendor bills LPS Local Budget so that the payment can reduce the cost in the revolving account.

THIS IS HOW IT HAS BEEN PRACTICED OVER THE YEARS





AT LEAST TEN YEARS OF USING THIS PRACTICE (INVOICES INCLUDED)

Row Labels	Sum of Account Amt
2011	4,207.42
990	1,559.20
89020322	Food and beverages
Snacks for MCAS Testing March 7 & 8, 2011	
89020345	2015
Snacks for MCAS Testing May 2011	920
	82060094
	Reimbursement for
993	993
89321081	89360127
SERVICE (CATERING) PROVIDED AS NEEDED	CATERED CELEBRATI
89321333	89360146
SERVIC (CATERING) PROVIDED AS NEEDED	FOOD AND SUPPLIES
	89360254
	Food provided for th
2012	89360292
993	Food and beverages
89330419	89361371
Food and supplies as needed for the Lowell Public Schools	SUPERINTENDENT A
89330734	89361483
SERVICES AS NEEDED FOR THE LOWELL SCHOOL DEPT. 2011 - 2012	FOR SUPERINTENDE
89331064	2016
FOOD SERVICES PROVIDED TO LOWELL PUBLIC SCHOOLS FOR PRINCIPAL INTERVIEW COMMITTEE	
89331491	89371840
FOOD FOR MEETING	
2013	920
940	82070032
84040050	See Attached Invoice
Reilly Student Cookout	986
	88670028
	SALS PIZZAS - ON 10
993	993
89340060	89370049
SUPPLIES AS NEEDED BY THE LOWELL PUBLIC SCHOOLS 2012 - 2013	Food and Beverages
89340160	89370291
Food and supplies as needed for the Lowell Public Schools	Food and Beverages
89341132	89370800
Food and beverages for LPS Meetings	Food and Beverages
89341436	89370866
	CATERING SERVICES
	89371248
	1,000.00
	162.50

2017	24,018.15
984	56.50
17006607	56.50
LEMONADE FOR STUDENTS FOR AFTER SCHOOL PROGRAM	56.50
990	2,800.00
17006685	1,750.00
BILL FOR SENIOR ATHLETIC BANQUET	1,750.00
17007128	1,050.00
Spring Athletic breakfast	1,050.00
993	21,161.65
17000487	240.00
CATERING FOR 30 GUESTS.	240.00
17000764	1,276.65
CATERING SERVICE	1,276.65
17001093	383.75
CATERING	383.75
17001238	3,500.00
CATERING AS NEEDED FOR LEADERSHIP AND MEETINGS.	3,500.00
17001575	382.50
SEE ATTACHED QUOTE FOR CATERING SERVICES FOR SPED PD MEETING AT 144 MERRIMACK STREET	382.50
17002752	55.00
CATERING EVENT FOR THE SUPERINTENDENT	55.00
17003049	4,000.00
OPEN ORDER FOR EVENTS HELD BY THE BUSINESS OFFICE	4,000.00
17003094	95.00
CATERING SERVICES FOR LEADERSHIP MEETING ON 11/9/16 AT 144 MERRIMACK STREET. PLEASE	95.00
17003752	4,000.00
CATERING AS NEEDED FOR LEADERSHIP AND MEETINGS.	4,000.00
17004419	382.50
PER ATTACHED QUOTE: CATERING EVENT ON 1/6/2017 FOR SPED EVENT.	382.50
17005073	307.50
PER ATTACHMENT: LPS FOOD SERVICES TO PROVIDE CATERING SERVICES	307.50
17005502	79.00
CATERING EVENT AT MOLLOY SCHOOL ON 3/1/17	79.00
17005943	711.25
BUTLER DEDICATION EVENT	711.25
17006181	398.00
17006211	398.00
195.00	
480.00	
480.00	
480.00	
10,410.72	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
1,500.00	
491.35	
491.35	
199.00	

EXAMPLES OF HOW LPS FS VENDOR BILLS LPS FOR NON-REIMBURSABLE COSTS; AGAIN – AUDITING CREATED THIS VENDOR FOR US TO DO THIS

Lowell Public Schools Food Service Catering Invoice

Event Name: Mayors Event
Contact Person: Deb Jarvis
Location/Address: City Hall
Date: 6/19/2019

Invoice #: 61
Food and Nutrition Dept.
155 Merrimack Street, 4 Floor
Lowell, MA 01852
Phone: 978-674-2069
Email: apalladino@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
6/19/2019	Appetizers	55	\$10.00	\$550.00
	Dessert			
	Beverages			

Event Name: Mayor's Reception
Contact Person: Kelly Ryan
Location/Address: City Hall
Date: 6/20/2018

Invoice #: 30

Food and Nutrition Dept.
155 Merrimack Street
Lowell, MA 01852
Phone: 978-674-2069
Fax: 978-275-6363
Email: palladino-anthony@aramark.com
Contact Person: Anthony Palladino

Date of Event	Menu Items	#Guest	Price Per Person	Total
6/20/2018	Hors d'oeuvres (Ceasear Cups, Meats, Cheese Platters)	30	\$10.00	\$300.00
	Flavored Water			

Lowell Public Schools Food Service Catering Invoice

Event Name: Cassidy's Breakfast
Contact Person: Minerva
Location/Address: 155 Merrimack Street 5th Floor
Date: 10.6.17

Invoice #: 11
Food and Nutrition Dept.
155 Merrimack Street, 4th Floor
Lowell, MA 01852
Phone: 978-674-2069
Email: apalladino@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
9/11/2017	Assorted Breakfast	90	\$5.00	\$450.00
	Coffee and tea	90	\$5.00	\$0.00
	Fruit Platter	90	\$5.00	\$0.00

Event Name: Bottled water
Contact Person: Jim Hall
Location/Address: 155 Merrimack St
Date: 8/19/2021

Invoice #: 772021
Food and Nutrition Dept.
43 Highland St
Lowell, MA 01852
Phone: 978-674-2069
Email: aspooner-gomez@lowell.k12.ma.us

Date	Menu Items	#Guest	Price	Total
School year	8 oz bottled water			\$ 119,834.97
2020-2021				

AGAIN – EVERY STEP MADE BY THE LPS BUSINESS OFFICE MUST FLOW THROUGH CITY HALL/AUDITING. Requisitions must be APPROVED by City Hall and checks cut on behalf of LPS are reviewed and cut by CITY HALL. Per the PO below, a PO was entered to have LPS Food Service BILL LPS LOCAL as done for over a decade. This purchase order and subsequent check was APPROVED by City Hall.

**Bill To**

LOWELL PUBLIC SCHOOLS
CENTRAL ADMINISTRATION OFFICES
155 MERRIMACK ST
LOWELL, MA 01852
978-674-4325
Email: accountspayable@lowell.k12.ma.us

CITY OF LOWELL

PURCHASING DEPARTMENT
375 MERRIMACK STREET
ROOM 60
LOWELL, MA 01852-1095
(978) 674-4110

Purchase Order

Fiscal Year 2022

Page: 1 of 1

**THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.**

Purchase Order #

22201444

Delivery must be made within doors of specified destination.

Vendor

LOWELL PUBLIC SCHOOLS
SCHOOL FOOD SERVICE
155 MERRIMACK STREET
LOWELL, MA 01852

??
1

Ship To

LOWELL PUBLIC SCHOOLS
CENTRAL ADMINISTRATION OFFICES
155 MERRIMACK ST
LOWELL, MA 01852
Email: accountspayable@lowell.k12.ma.us
978-674-4325

THINGS TO ACKNOWLEDGE:

- 1) Everyone involved was trying to respond to a global pandemic and all of its curveballs. No one benefited from these transactions.
- 2) There was no FALSIFYING DOCUMENTS OR VENDORS. This process of treating LPS FS as a vendor was created by Auditing. LPS cannot create vendors on their own. We also know that any checks we cut must be approved and cut by City Hall.
- 3) LPS staff recognizes the need to work closely with City Hall and make every attempt to build bridges so that the work can be efficient and expedited.
- 4) Seventy percent of Business Office staff retired or resigned during the pandemic and, thus, researching this took more time than normal.
- 5) The City CFO suggested a solution of paying Aramark using a settlement for payment. The Solicitor disagreed. Treating this like a bad bill that must be brought before City Council seems reasonable to me.
- 6) We still need to pay our vendor who has worked hard with us during the pandemic to change course as needed and make sure that families were fed. They provided us with water for our students and staff and made it seamless. Again, we paid the cost they paid for water – no profit.

Bottled Water Back Up

2



Turner, Billie Jo

Tue 12/14/2021 1:47 PM

To: Baldwin, Conor <CBaldwin@lowellma.gov>; Oakes, Kelly <KOakes@lowellma.gov>

Hi Conor and Kelly - let me know what time we will meet tomorrow. Below is an email from S. Lagasse, me and Jacky trying to decipher/summarize what happened. I am sending this to read before we meet so it gives you time to help brains solution. Please and thanks for your help with this.

Billie Jo



Emails and Texts to City Auditor & Solicitor btw Nov and January



Turner, Billie Jo

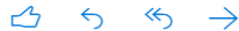
Thu 1/6/2022 2:35 PM

To: Marcotte, Sarah G. <SMarcotte@lowellma.gov> +2 others

Happy New Year Chris and Sarah,

I am officially being attacked by Covid so I am not at the office. I snuck in last night to get stacks of papers and just saw the note from our last meeting that Christine was going to talk with Kelly about another option of handling the Aramark water situation. As Chris said, the settlement idea is not beneficial or in line with the intentions of settlements. Chris- you had mentioned talking to Kelly about amending the Aramark language to eliminate the conflicting legal language. One part says that water is allowed to be provided by Aramark but the other part says we cant pay them for non-reimbursable costs. Did you get a chance to speak with Kelly about this? I wasnt sure if you had the opportunity since we met right before the holidays. Can you please give me an update so I know where to go from here. Please and thanks.

Billie Jo



From: Turner, Billie Jo <bturner@lowell.k12.ma.us>

Sent: Monday, November 22, 2021 11:30 AM

To: Vaughn, Michael <PMVaughn@lowellma.gov>; Oakes, Kelly <KOakes@lowellma.gov>

Subject: Fw: Bottled water

Hello Michael and Kelly,

The purchase of bottled water happened due to not having water for kids during covid due to not wanting students to use bubblahs and the extra need due to having to wear masks. I was unaware of this until now. When asked, they explained now with all students back. the price jumped significantly. They also explained t

From: Moffett, Beth <BMoffett@lowellma.gov>

Sent: Thursday, August 27, 2020 5:04 PM

To: Hall, James <jhall@lowell.k12.ma.us>

Cc: Underwood, Richard <runderwood@lowell.k12.ma.us>; Busteed, Marianne <MBusteed@lowell.k12.ma.us>

Subject: FW: water

Hi Jim,

Sorry, one more concern that we talked about. Since the water bubble not be allowed to be used, I reached out to my Director and she said the school department needs to have a source of water for the students. P



Turner, Billie Jo

Thu 1/6/2022 9:57 PM

To: O'Connor, Christine <CO'Connor@lowellma.gov> +2 others

Cc: Oakes, Kelly <KOakes@lowellma.gov>

Thanks for this response. I started answering all of them but thought it best for me to confirm before sending the answers. I, too, agree that it is a bad bill. During COVID, water was provided to students due to not having access to bubblas but was handled incorrectly. Thus, it is indeed a bad bill. It was a mistake made worse when a correction was attempted. I will get back to you soon.



To: Kelly Oakes City Auditor

Thanks - saving it now

Tue, Dec 7, 9:53 AM

Hi Kelly - can you call me to discuss water bill

Thu, Dec 9, 9:21 AM

Kelly- Sharon is available to talk tomorrow morning. Do you have any time good for you?

Do you have specific questions I can share with her?

Fri, Dec 10, 7:58 AM

Sorry, I am just swamped at this time. My specific questions are in the email. I don't understand the transaction that Payton Ramos put through. I would have to read the Aramark contract it seems I just don't understand any of what's going on. Any new purchase of water needs to go through the po process.

Ok I understand.

Lowell Public Schools

Emergency Purchase of Bottled Water During COVID

Timeline/Issues

- Aug 2020 We were told by City Hall that we could not use the water fountains in school. Please see attached email from Beth Moffet referencing an earlier directive to NOT use the water fountains but must still offer a water source. Dilemma: *7 CFR 210.10(a)(1)(i) demands that schools must make potable water available and accessible without restriction to children at no charge in the place(s) where lunches are served during the meal service.*
- Aug 2020 Aramark sent an email stating that other districts faced the same issue with water fountains and they could provide water for .16 cents a bottle. This gave us the immediate solution to ensure that students had access to water especially since they were forced to wear face masks all day.
- Sept 2020 Water begins to be provided by Aramark based on orders from principals with rule of thumb being two bottles per student per day. Orders of water from September to April were minimal due to the low numbers of students attending at this time.
- April 2021 Water orders increased due to all students returning to school
- July 2021 Invoice received for prior school year from Aramark (seems to include the April, May and June period). Since it was learned that the water cannot be paid like milk due to being non-reimbursable, we were left in the situation with having a bill without a purchase order or contract.
- Aug 2021 Purchase order was created for additional water use using the amount of the previous year bill as the starting amount since we didn't know how much we would need. Unfortunately, this purchase orders should have had a local or esser account number as the account to charge but it had the revolving account (which had previously been deemed unacceptable)

Sept 2021	Aramark reached out to JK regarding invoice payments and explained that the one \$119k payment had been issued from Lowell to Lowell but not to Aramark. Thus, they still had unpaid bills for previous year and current year.
Oct 29 2021	<p>Aramark sought payment from Payton who asked for CFO guidance on where the past year bill should be charged. Aramark emailed CFO asking about current year bills getting paid.</p> <p>Check was cut from City Hall and was deposited by LPS into revolving account. Unfortunately, the purchase order was mistakenly charged to the revolving account when it should have hit the local or ESSER acct. This caused a check to be cut from revolving and deposited back into the account. The vendor has still not been paid.</p>
Nov 2021	<p>Aramark reached out to CFO asking for help getting the past year and current year bills paid. CFO did not know there had been a problem getting it paid.</p> <p>Spoke to City Auditor regarding the bills not being paid. She explained that she had questions regarding the bottled water purchase including whether it should have gone through the bid process. I had to research before I could answer.</p> <p>Payton emailed Auditor asking why <u>req</u> for emergency water was not processed. Payton incorrectly stated that it does not need a contract when it should have been stated that it falls under the existing FS contract. The Auditor emailed Purchasing to ask about the validity of this being an emergency purchase. Purchasing emailed me asking for clarification. I started reaching out to Jacki and James to get history on this.</p>
Nov 19, 2021	CFO emailed LPS staff stating that the bottled water purchases with Aramark should stop since there were questions from City Hall regarding the purchase. CFO also notified Sharon Lagasse that water purchases must stop due to issues and we must go through state contract even though it was more expensive.

Nov 22, 2021 CFO emailed Auditor and City CPO explaining what she had learned about why the bottled water purchase was made to keep them up to date on what I had learned thus far. Since all the staff involved were no longer with us, we were still in research mode at this point. Due to holidays, it was hard to get in touch with people.

Thanksgiving Holiday

Dec 7, 2021 CFO texted City Auditor asking if we could discuss the water bill updates
Auditor emailed with documentation and questions regarding this water purchase situation. She asked to speak to those involved.

Dec 8, 2021 Jacki and Sharon both agreed to meet but technical issues arose when we tried to have a zoom call.

Dec 9, 2021 CFO texted Auditor to tell her that the staff would be available to talk to her on the 10th. She texted back and said that she is swamped and cannot do it.

Dec 11, 2021 End of Year report issue – JK faced numerous issues with connections to Munis and security portal during her weekends working on the report. Worked with new auditor to get this certified before December 15th.

Dec 14, 2021 CFO emailed summary of findings regarding bottled water purchase to City Auditor and City CFO along with confirmation for the group phone call that would occur on 12/16/22 with City CFO, City Auditor, CPO and Deputy CFO.

Dec 16, 2021 2:30 PM phone call with LPS CFO and City Hall staff listed above The City CFO suggested that we could pay the vendor through the settlement process.

Dec- Jan	Numerous Business Office staff contracted COVID.
Dec 21, 2021	During our meeting with Law, it was agreed that the Solicitor would discuss the options with the Auditor since she did not agree with the settlement idea.
	Christmas Holidays & CFO caught COVID
Jan 6, 2022	CFO texted City Auditor and emailed the Solicitor for an update. The Solicitor responded the same day <u>with</u> a list of additional questions.
Jan 6, 2022	CFO responded to City Solicitor and City Auditor explaining that she had answers but needed to CONFIRM that she understood correctly BEFORE sharing. Due to COVID throughout the office and delays with contacting former staff during the holidays, there were delays getting the information. However, every attempt had already been made to explain and avoid further issues. The remaining issue was how to get the vendor paid for the outstanding invoices.
Jan 2022	CFO informed School Committee about water bill issue
Jan 28, 2022	CFO received memo from City Solicitor and City Auditor regarding the bottled water
Feb 2, 2022	Bottled water discussed at SC meeting with Auditor and Solicitor present
Feb 8, 2022	Bottled water discussed at City Council. City Auditor stated that she had not heard back from us since November. Per the attached emails and texts, there have been numerous responses in addition to phone calls. I have inserted such responses into timeline as well.